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**SAN DIEGO GAS & ELECTRIC COMPANY**

**WHOLESALE DISTRIBUTION ACCESS  
TARIFF  
VOLUME NO. 6**

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## 1. PREAMBLE AND APPLICABILITY

**1.1 Preamble:** San Diego Gas & Electric Company (SDG&E) hereby offers open access, wholesale distribution service to Eligible Customers, under the rates, terms and conditions set forth in this Wholesale Distribution Access Tariff (Tariff).

**1.2 Applicability.** Distribution Service is limited to Eligible Customers seeking new Distribution Service and to existing Distribution Customers seeking to modify Distribution Service. This Tariff may not be used for: 1) CPUC jurisdictional or otherwise retail electric service; 2) service that does not originate or terminate on the CAISO Controlled Grid; 3) service prohibited under Section 212(h) of the Federal Power Act; or 4) service that is otherwise in conflict with the provisions of this Tariff, State or Federal law, or the rules and regulations of an agency or organization to which SDG&E may be subject.

## 2. DEFINITIONS

Capitalized terms used in this Tariff shall have the meaning set out below unless otherwise stated in this Tariff.

**2.1 Ancillary Services:** As indicated by Good Utility Practice, services necessary to transmit capacity and energy from resources to load while maintaining reliable transmission system operation.

**2.2 Application:** A request for Distribution Service pursuant to Section 15 of this Tariff.

**2.3 Business Day:** Monday through Friday, excluding Federal Holidays.

**2.4 CAISO:** The California Independent System Operator, or successor organization, a state-chartered, non-profit, corporation that controls certain transmission facilities of all Participating Transmission Owners (as defined in the CAISO Tariff) and dispatches certain generating facilities and loads.

**2.5 CAISO Controlled Grid:** (i.e., CAISO Grid) The system of transmission lines and associated facilities of the Participating Transmission Owners that have been placed under the CAISO's Operational Control and as approved by FERC.

**2.6 CAISO Tariff:** The current and effective California Independent System Operator Corporation Operating Agreement and Tariff, approved by FERC, as it may be modified from time to time.

**2.7 Calendar Day:** Any day including Saturday, Sunday or a Federal Holiday.

**2.8 CIAC - Contribution In-Aid-of Construction:** All property, including money, received by SDG&E from an Eligible Customer to provide for the installation, improvement, replacement, or expansion of SDG&E Distribution Facilities.

**2.9 Commission:** The Federal Energy Regulatory Commission (FERC).

**2.10 Completed Application:** An Application meeting all of the requirements of Section 15 of this Tariff and all other applicable Tariff terms and conditions.

**2.11 CPUC:** The California Public Utilities Commission or its successor.



**2.12 Curtailment:** A reduction in Distribution Service ordered by SDG&E to address system reliability conditions or pursuant to a directive from the CAISO.

**2.13 Designated Agent:** An entity that performs actions pursuant to the Tariff on the behalf of a Distribution Customer or SDG&E. Any such entity must be either: 1) a registered energy service provider as that term is defined by CPUC regulations, California State law or both; or 2) owned, operated, directly managed, or staffed by a California Licensed Professional Engineer with a minimum of 15 years' experience in the electric utility industry.

**2.14 Direct Assignment Facilities:** Distribution Facilities or portions of those facilities that are constructed by SDG&E for the sole use or benefit of a particular Distribution Customer requesting service under the Tariff. Direct Assignment Facilities include Interconnection Facilities and Distribution Upgrades but do not include Network Upgrades. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Distribution Customer and in the Generator Interconnection Agreement.

**2.15 Distribution Customer:** An Eligible Customer (or its Designated Agent) receiving Distribution Service.

**2.16 Distribution Provider:** San Diego Gas & Electric Company (SDG&E) or its successor.

**2.17 Distribution Service:** Service under this Tariff, limited to: 1) delivery of resources from the CAISO Controlled Grid to the loads of Load Serving Entities interconnected to

the Distribution System; or 2) providing Generating Facilities interconnected to the Distribution System access to the CAISO Controlled Grid. Any service that does not originate or terminate on the CAISO Controlled Grid is specifically prohibited.

**2.18 Distribution System:** Facilities owned, operated and controlled by SDG&E that are used to transmit electricity but that are not a part of the CAISO Controlled Grid.

Distribution Facilities are those facilities that comprise the Distribution System.

**2.19 Eligible Customer:** Any electric utility (including SDG&E), power marketing agency, or any person generating or purchasing electric energy for resale. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico.

**2.20 Facilities Study:** An engineering study conducted by SDG&E to determine any required modifications to the Distribution System, including the cost and scheduled completion date for such modifications, that will be required to provide Distribution Service.

**2.21 Generating Facility:** A facility that produces electric energy and/or capacity for delivery to the CAISO Controlled Grid.

**2.22 Generator Interconnection Agreement (GIA or Agreement)** refers to either a) the Small Generator Interconnection Agreement (SGIA), which is Attachment E to the Tariff, if the Generating Facility is no larger than 20 MW; or b) the Large Generator Interconnection Agreement (LGIA), which is Attachment G to the Tariff, if the Generating Facility is larger than 20 MW; or c) for an Interconnection Customer that chooses a state-jurisdictional GIA pursuant to GIP Section 6.8.1.2, the pro forma version will be the CPUC-approved form of GIA under Rule 21.

**2.23 Generator Interconnection Procedures (GIP):** the interconnection procedures applicable to an Interconnection Request of a Generating Facility set forth in Attachment H to the Tariff and any of its Attachments and Appendices.

**2.24 Good Utility Practice:** Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region. Good Utility Practice includes the development of standard practices and operating procedures that are responsive to CAISO regulations, neighboring utilities (including SDG&E), regulatory agencies and other government entities.

**2.25 Interconnection Study** An engineering study performed by Distribution Provider as set forth in the GIP and Tariff. Interconnection Study may refer to any of the following studies: the Cluster Study, the Interconnection Facilities Study, the Affected System Study, the Multiparty Affected System Study, the Material Modification assessment, and any applicable restudies or reassessments of such studies, as set forth in the GIP.

**2.26 ITCC:** Income Tax Component of Contributions is the Federal and State tax SDG&E pays on income received as a Contribution In Aid of Construction (CIAC).

**2.27 Load Serving Entity (LSE):** An Eligible Customer or Distribution Customer that

receives capacity and energy from the CAISO Controlled Grid for delivery to load interconnected to the Distribution System.

**2.28 Load Shedding:** The reduction of system demand by a Load Serving Entity.

**2.29 Party or Parties:** SDG&E, Eligible Customers and Distribution Customers.

**2.30 Point of Delivery:** A point on the Distribution Provider's Distribution System where wholesale capacity and/or energy generated or discharged by the Distribution Customer's Generating Facility will be delivered to the CAISO Controlled Grid, or where wholesale capacity and/or energy delivered by the Distribution Provider will be made available to the Distribution Customer to serve Wholesale Distribution Load or Charging Capacity. The Point of Delivery shall be specified in the Service Agreement.

**2.31 Point of Receipt:** A point on Distribution Provider's Distribution System where wholesale capacity and/or energy generated or discharged by the Distribution Customer's Generating Facility will be delivered to the Distribution Provider, or where wholesale capacity and/or energy purchased by a Distribution Provider is delivered from the CAISO Controlled Grid to the Distribution Provider. The Point of Receipt shall be specified in the Service Agreement.

**2.32 Service Agreement:** The initial agreement and any amendments or supplements specifying the rates, terms and conditions for Distribution Service to a specific Distribution Customer.

**2.33 Service Commencement Date:** The date the Distribution Provider begins to

provide Distribution Service pursuant to the terms of an executed Service Agreement.

**2.34 System Impact Study:** An assessment by SDG&E of (i) the adequacy of the Distribution Facilities to accommodate a request for Distribution Service and (ii) whether any additional costs may be incurred in order to provide Distribution Service. The System Impact Study shall identify any system constraints and redispatch options and Direct Assignment Facilities required to provide the requested service.

**2.35 Tariff:** This Wholesale Distribution Access Tariff

**2.36 Transmission Service:** The service provided between Transmission Owners over the CAISO Controlled Grid under the terms and conditions of the CAISO Tariff.

**2.37 Wholesale Distribution Load:** The load that a Distribution Customer serves from distribution facilities that it owns or controls to deliver capacity and/or energy to end-use customers.

### **3. ANCILLARY SERVICES**

Ancillary Services are not available under this Tariff. As a condition to service under this Tariff, all Distribution Customers must comply with all CAISO Tariff requirements, including those governing Ancillary Services. Upon reasonable notice, Distribution Customers must provide SDG&E with verifiable documentation of CAISO Tariff compliance.

### **4. LOCAL FURNISHING BONDS**

**4.1 Applicability:** This provision is applicable only in the event that SDG&E

has financed facilities for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of this Tariff, the SDG&E shall not be required to provide Distribution Service if the provision of such Distribution Service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance the facilities that would be used in providing such Distribution Service.

#### **4.2 Alternative Procedures for Requesting Distribution Service:**

- (i) If SDG&E determines that the provision of Distribution
  - i. Service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such Distribution Service, it shall advise the Eligible Customer within thirty (30) Calendar Days of receipt of a Completed Application.
  - ii. If the Eligible Customer thereafter renews its request for the same Distribution Service referred to in Section 4.2(i) of this Tariff by tendering an application under Section 211 of the Federal Power Act, SDG&E will, within ten (10) Business Days of receiving a copy of the Section 211 application, waive its rights to object to the issuance of a proposed order under Section 212(c) of the Federal Power Act.

## **5. BILLING AND PAYMENT**

**5.1 Billing Procedure:** Within a reasonable time after the first day of each month, SDG&E shall submit an invoice to the Distribution Customer for the charges for all services furnished under this Tariff during the preceding month. The Distribution Customer shall pay the invoice within twenty (20) Business Days of receipt. All payments shall immediately be made in U.S. funds payable to SDG&E. If payment is by wire transfer, payment shall be to a bank named by SDG&E and to an account number in the name of SDG&E.

**5.2 Interest on Unpaid Balances:** Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by SDG&E.

**5.3 Customer Default:** In the event the Distribution Customer fails, for any reason other than a billing dispute as described below, to make payment to SDG&E on or before the due date as described above, and such failure of payment is not corrected within thirty (30) Calendar Days after SDG&E notifies the Distribution Customer in writing to cure such failure, a default by the Distribution Customer shall be deemed to exist. Upon the occurrence of a default, SDG&E may initiate a proceeding with FERC to terminate service but shall not terminate service until FERC approves any such request. In the event of a billing dispute between SDG&E and the Distribution Customer, SDG&E will continue to provide service under the Service Agreement as long as the Distribution Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the

portion of the invoice in dispute, pending resolution of such dispute. If the Distribution Customer fails to meet these two requirements for continuation of service, then SDG&E may provide written notice to the Distribution Customer of its intention to suspend service in sixty (60) Calendar Days, in accordance with FERC policy.

## **6. REGULATORY FILINGS**

Nothing contained in this Tariff or any Service Agreement, except to the extent provided in such Service Agreement, shall be construed as affecting in any way the right of SDG&E to unilaterally make application to FERC for a change in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to FERC's rules and regulations promulgated thereunder.

Nothing contained in this Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under this Tariff to exercise its rights under the Federal Power Act and pursuant to FERC's rules and regulations promulgated thereunder.

## **7. FORCE MAJEURE AND INDEMNIFICATION**

**7.1 Force Majeure:** A Force Majeure (i.e., an Uncontrollable Force) means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities or any other cause beyond the reasonable control of SDG&E or a Distribution Customer which could not be avoided through the exercise of Good



Utility Practice. Neither SDG&E nor a Distribution Customer will be considered in default of any obligation under this Tariff or Service Agreement if prevented from fulfilling that obligation due to the occurrence of a Force Majeure.

**7.2 Occurrence of Force Majeure:** In the event of the occurrence of a Force Majeure which prevents SDG&E or a Distribution Customer from performing any of its obligations under this Tariff, the affected entity shall (i) if it is SDG&E, immediately notify the Distribution Customer in writing of the occurrence of such Force Majeure and, if it is a Distribution Customer, immediately notify SDG&E in writing of the occurrence of such Force Majeure; (ii) not be entitled to suspend performance of its obligations under this Tariff in any greater scope or for any longer duration than is required by the Force Majeure; (iii) use its best efforts to mitigate the effects of such Force Majeure, remedy its inability to perform and resume full performance of its obligations hereunder; (iv) in the case of SDG&E, keep the Distribution Customer apprised of such efforts, and in the case of the Distribution Customer, keep SDG&E apprised of such efforts, in each case on a continual basis; and (v) provide written notice of the resumption of its performance of its obligations hereunder.

Notwithstanding any of the foregoing, the settlement of any strike, lockout or labor dispute constituting a Force Majeure shall be within the sole discretion of the entity involved in such strike, lockout or labor dispute and the requirement that an entity must use its best efforts to mitigate the effects of the Force Majeure and/or remedy its inability to perform and resume full performance of its obligations hereunder shall not apply to strikes, lockouts, or labor disputes.

**7.3 Liability for Damages:** SDG&E shall not be liable for damages to any Distribution Customer for any losses, damages, claims, liability, costs or expenses (including legal expenses) arising from the performance or nonperformance of its obligations under this Tariff, except to the extent that they result from negligence or intentional wrongdoing on the part of SDG&E.

**7.4 Exclusion of Certain Types of Loss:** SDG&E shall not be liable to any Distribution Customer under any circumstances for any consequential or indirect financial loss including but not limited to loss of profit, loss of earnings or revenue, loss of use, loss of contract or loss of goodwill except to the extent that it results from negligence or intentional wrongdoing on the part of SDG&E.

**7.5 Distribution Customer Indemnity:** Each Distribution Customer, to the extent permitted by law, shall indemnify SDG&E and hold it harmless against all losses, damages, claims, liabilities, costs or expenses (including legal expenses) arising from any act or omission of the Distribution Customer except to the extent that they result from SDG&E's default under this Tariff or negligence or intentional wrongdoing on the part of SDG&E or of its officers, directors or employees.

## **8. CREDITWORTHINESS**

For the purpose of determining the ability of an Eligible Customer or a Distribution Customer to meet its obligations related to service hereunder, SDG&E may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. In addition, SDG&E may require an Eligible Customer or a Distribution Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to meet its

responsibilities and obligations under the Tariff, or an alternative form of security proposed by an Eligible Customer or a Distribution Customer and acceptable to SDG&E and consistent with commercial practices established by the Uniform Commercial Code that protects SDG&E against the risk of non-payment. SDG&E will determine on a non-discriminatory basis whether security will be required. Absent a material adverse change in the creditworthiness of a Distribution Customer, security will not be required where the Distribution Customer has previously established its creditworthiness pursuant to a tariff, rate schedule, or service contract for service provided by SDG&E, and has not defaulted on its obligation under that applicable tariff or rate schedule.

## **9. DISPUTE RESOLUTION PROCEDURES**

**9.1 Submission of Notice of Dispute:** In the event a Party has a dispute, or asserts a claim, that arises out of or in connection with this Tariff, the GIA, the GIP, or their performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party.

**9.2 Internal Dispute Resolution Procedures:** Any dispute between a Distribution Customer and the Distribution Provider involving Distribution Service under this Tariff (excluding applications for rate changes or other changes to this Tariff, or to any Service Agreement entered into under this Tariff, which shall be presented directly to FERC for resolution) shall be referred to a designated senior representative of the Distribution Provider and a senior representative of the Distribution Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives

are unable to resolve the dispute within thirty (30) Calendar Days [or such other period as the Parties may agree upon by mutual agreement] of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of the GIA.

**9.3 External Arbitration Process:** Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission, distribution and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or RTO/ISO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Section 9, the terms of this Section 9 shall prevail.. Where a dispute involves facts and issues that are the subject of a dispute pending under the CAISO Tariff or the TO Tariff ADR Procedures, the dispute may be consolidated with the other pending proceeding(s) by the agreement of the parties to the dispute, which agreement shall not be unreasonably withheld.

**9.4**     **Arbitration Decisions:** Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Tariff and any Interconnection Agreement or Service Agreement entered into under this Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The arbitration decision shall be based on (i) the evidence in the record, (ii) the terms of the WDAT, (iii) applicable United States federal law, including the FPA and any applicable FERC regulations and decisions, and international treaties or agreements as applicable, and (iv) applicable state law. The decision of the arbitrator(s) may be appealed solely on the grounds set forth in California Law. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service Interconnection Facilities, Distribution Upgrades, or Network Upgrades.

**9.5**     **Costs:** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

- (i)       the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or
- (ii)      one half the cost of the single arbitrator jointly chosen by the Parties.

**9.6**     **Non-binding Dispute Resolution Procedures:** If a Party has submitted a Notice of Dispute pursuant to Section 9.1, and the Parties are unable to resolve the claim or dispute through unassisted or assisted negotiations within the thirty (30) Calendar Days provided in Section 9.2, and the Parties cannot reach mutual agreement to pursue the

Section 9.3 arbitration process, a Party may request that Distribution Provider engage in Non-binding Dispute Resolution pursuant to this Section by providing written notice to Distribution Provider (“Request for Non-binding Dispute Resolution”). Conversely, either Party may file a Request for Non-binding Dispute Resolution pursuant to this Section without first seeking mutual agreement to pursue the Section 9.3 arbitration process. The process in Section 9.6 shall serve as an alternative to, and not a replacement of, the Section 9.3 arbitration process.

Pursuant to this process, a Distribution Provider must within 30 Calendar Days of receipt of the Request for Non-binding Dispute Resolution appoint a neutral decision-maker that is an independent subcontractor that shall not have any current or past substantial business or financial relationships with either Party. Unless otherwise agreed by the Parties, the decision-maker shall render a decision within sixty (60) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. This decision-maker shall be authorized only to interpret and apply the provisions of the Tariff, the GIP and GIA and shall have no power to modify or change any provision of the Tariff, GIP and GIA in any manner. The result reached in this process is not binding, but, unless otherwise agreed, the Parties may cite the record and decision in the non-binding dispute resolution process in future dispute resolution processes, including in a Section 9.3 arbitration, or in a Federal Power Act section 206 complaint. Each Party shall be responsible for its own costs incurred during the process and the cost of the decisionmaker shall be divided equally among each Party to the dispute.

**9.7 Rights Under The Federal Power Act:** Nothing in this section shall restrict the rights of any party to file a Complaint with FERC under relevant provisions of the Federal Power Act.

## **10 GOVERNING LAW**

Except as otherwise provided by federal law, this Tariff shall be governed by and construed in accordance with the laws of the state of California.

## **11. [Not Used]**

## **12. NATURE OF DISTRIBUTION SERVICE**

### **12.1 [Not Used]**

**12.2 Term:** The minimum term of Distribution Service shall be five (5) years and the maximum term shall be as specified in the Service Agreement.

**12.3 Reservation Priority:** Distribution Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Eligible Customer has submitted a Completed Application. If the Distribution System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service. If existing Distribution Facilities are insufficient to satisfy all Applications, an Eligible Customer with a service request for shorter term service has the right of first refusal to match any longer term request for service before losing its service priority. A longer term competing request for Distribution Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours from being notified in writing by SDG&E of a longer-term competing request for Distribution Service. SDG&E will use the term “queue date” to indicate the priority date for the Application for Distribution Service, with similar meaning as the term used in the GIP for Interconnection Services.

**12.4 Use of Distribution Service by SDG&E:** SDG&E will be subject to the rates, terms and conditions of this Tariff when utilizing its Distribution System for

transactions not for the benefit of SDG&E's wholesale or CPUC jurisdictional customers. Accounting for such transactions shall be maintained separately.

**12.5 Service Agreements:** SDG&E shall offer a standard form Service Agreement (Attachment A to the Tariff) to an Eligible Customer when it submits a Completed Application for Distribution Service, except in the case of a Generating Facility processed for interconnection under the GIP, in which case the Generator Interconnection Agreement and Service Agreement shall be offered concurrently. Executed Service Agreements shall be filed with FERC by SDG&E in compliance with applicable FERC regulations.

**12.6 Distribution Customer Obligations for Facility Additions or Redispatch Costs:** In cases where SDG&E determines that its Distribution Facilities are not capable of providing Distribution Service without (1) degrading or impairing the reliability of service to SDG&E CPUC jurisdictional customers or existing Distribution Customers, or (2) interfering with SDG&E's ability to meet prior firm contractual commitments to others, SDG&E will expand or upgrade its distribution system pursuant to the terms of Section 13 of this Tariff. The Distribution Customer must compensate SDG&E for any necessary Distribution Facility additions pursuant to the terms of Section 23 of this Tariff. To the extent SDG&E can relieve any system constraint more economically by redispatching SDG&E's resources than through constructing upgrades, it shall do so, provided that the Eligible Customer agrees to compensate SDG&E pursuant to the terms of Section 23 of this Tariff. Any redispatch or Distribution System upgrade costs to be charged to the Distribution Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service. Nothing in this section or Tariff shall be construed to require SDG&E to expand or upgrade the Distribution System in a manner that may cause risk to the safe and reliable operation of the



Distribution System.

## **12.7 Load Shedding and Curtailment of Distribution Service**

### **12.7.1 Protocols:**

Prior to the Service Commencement Date, SDG&E and an Eligible Customer shall reach agreement on written protocols governing circumstances for curtailing Distribution Service pursuant to the Tariff to address outages or other contingencies on the Distribution System. Such protocols shall be in accord with the provisions set forth in this section, shall include provisions for mandatory Load Shedding, and shall set forth the procedures a Distribution Customer shall follow when ordered to curtail by SDG&E. Consistent with Good Utility Practice, SDG&E will endeavor to communicate with the Distribution Customer regarding any such contingency.

### **12.7.2 Conditions Requiring Curtailment:**

A condition or conditions requiring curtailment exist any time when: 1) SDG&E determines that a constraint or circumstance exists on all or a portion of its Distribution System, and such constraint may impair the reliability or safety of its Distribution System; or 2) CAISO issues a directive or directives to SDG&E under similar circumstances. In the event any adverse condition(s) or disturbance(s), directly or indirectly interconnected with SDG&E's Distribution System, occur, SDG&E, consistent with Good Utility Practice, also may curtail Distribution Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to distribution facilities, or (iii) expedite restoration of service. SDG&E will give the Distribution Customer as much advance notice as is practicable in the event of such curtailment.

### **12.7.3 SDG&E's Rights:**

**n** response to a Section 12.7.2 condition, SDG&E may take whatever

actions, consistent with Good Utility Practice, are reasonably necessary to maintain the safety and reliability of SDG&E's Distribution System.

**12.7.4 Distribution Customer Obligation:**

Distribution Customers must abide by all orders issued by SDG&E pursuant to this section, including but not limited to curtailing of CAISO scheduled deliveries or physical disconnection of Distribution Customer facilities from SDG&E Distribution Facilities.

**12.7.5 Liability:**

All SDG&E actions taken pursuant to this section are without liability on SDG&E's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Distribution Service would endanger persons or property.

**12.8 Classification of Distribution Service:**

There shall be two types of Distribution Service:

- (a) LSE Service: Delivery of resources from the CAISO Controlled Grid to LSE load located on the Distribution System.
- (b) Generator Service: Use of the Distribution System to deliver output of a Generating Facility to the CAISO Controlled Grid.

Distribution Service is separate from Interconnection Service (set forth in the GIP and the GIA).

**12.9 Scheduling of Distribution Service:**

Separate Distribution Service schedules in addition to CAISO Tariff required schedules shall not be required under this Tariff. Notwithstanding anything to the

contrary in this section, upon reasonable notice, SDG&E reserves the right to verify or monitor Distribution Customer CAISO Tariff schedules for coordination with Distribution System requirements.

**12.10 Self Provision of Ancillary Services:** To the extent a Distribution Customer is eligible to self provide or sell Ancillary Services under the terms of the CAISO Tariff, nothing in this Tariff limits the right of a Distribution Customer to do so, except when emergency conditions preclude such transactions. Except to the extent that a Distribution Customer may be called upon to provide reactive power support consistent with the operations of SDG&E, a Distribution Customer must maintain power factor at the interface between the Distribution Customer's facilities and SDG&E's facilities pursuant to Section 20.4 of this Tariff.

**12.11 Conflict with the CAISO Tariff.** If a Distribution Customer or SDG&E identifies a conflict between this Tariff or a Service Agreement and the CAISO Tariff, SDG&E and the Distribution Customer shall make good-faith efforts to resolve the conflict. If the Parties are unable to informally resolve the conflict, the Parties shall use the Dispute Resolution Procedures set forth in Section 9 of this Tariff.

**12.12 Conflicting Operating Instructions.** In the event a Distribution Customer receives conflicting operating instructions from the CAISO, one or more Participating Transmission Owners (as that term is defined in the CAISO Tariff) or SDG&E, and, if human safety would not knowingly be jeopardized nor electric facilities subject to damage while the Distribution Customer seeks to reconcile the conflict with the CAISO, prior to taking action, SDG&E and the Distribution Customer should attempt a reconciliation. Otherwise, the Distribution Customer shall adhere to the applicable CAISO Tariff provisions and follow the CAISO's instructions. In no event shall a Distribution Customer be required to follow

operating instructions from the CAISO if following those instructions would knowingly jeopardize human safety.

### **13. SERVICE AVAILABILITY**

#### **13.1 Distribution Service that Requires Expansion or Modification of Distribution**

**Facilities:** If SDG&E determines that it cannot accommodate a Completed Application for Distribution Service because of insufficient capacity on its Distribution Facilities, SDG&E will use due diligence to expand or modify its Distribution Facilities to provide the requested Distribution Service, provided the Distribution Customer agrees to compensate SDG&E for such costs pursuant to the terms of Section 23 of this Tariff. SDG&E will conform to Good Utility Practice in determining the need for new facilities and in the design and construction of such facilities. All such obligations apply only to those Distribution Facilities that SDG&E has the right to expand or modify. Notwithstanding anything to the contrary in this section or any other provisions in this Tariff, SDG&E reserves the right to refuse to implement expansions or modifications that may cause risk to the safe and reliable operation of the Distribution System.

**13.2 Deferral of Service:** SDG&E may defer providing service until it completes construction of new Distribution Facilities or upgrades needed to provide Distribution Service whenever SDG&E determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing services.

**13.3 Other Distribution Service Schedules:** Any customer receiving service under other agreements on file with FERC may continue to receive service under those agreements until such time as FERC may modify those agreements.

**13.4 Real Power Losses:** Real Power Losses are associated with all Distribution Service. SDG&E is not obligated to provide Real Power Losses. The Distribution Customer is responsible for compensating SDG&E for losses associated with all Distribution Service as calculated by SDG&E. Real Power Losses associated with Distribution Service are calculated by multiplying the metered quantity, whether energy or demand, by the Real Power Loss Factor calculated by SDG&E. The applicable Real Power Loss Factors for Distribution Service over the Distribution System will be set forth in the Service Agreement.

#### **14. ELIGIBLE AND DISTRIBUTION CUSTOMER RESPONSIBILITIES**

**14.1** Conditions Required of Eligible Customers: Distribution Service shall be provided by SDG&E only if the Eligible Customer satisfies the following conditions:

- i. Submission of a Completed Application for service;
- ii. Fulfillment of creditworthiness criteria set forth in Section 8 of this Tariff;
- iii. Submission of proof of arrangements for all other services related to Distribution Service, including executed agreements with the CAISO;
- iv. For LSEs, submission of proof of arrangements for secured capacity and energy from generation sources sufficient to satisfy forecasted loads on a rolling twelve (12) month basis starting from the commencement of service.
- v. Agreement to pay for any facilities constructed and chargeable under this Tariff, whether or not the Eligible Customer ultimately takes service for the full term requested;

- vi. Ownership or control of sufficient equipment installed and verifiable as specified under the Service Agreement, consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed by SDG&E, to ensure safe and reliable interconnection to and operation of the Distribution System;
- vii. Development of written standard practices and operating procedures governing facilities to be owned or controlled by the Eligible Customer;
- viii. Walk-through access by SDG&E to Eligible Customer facilities to verify design and construction of the facilities in accordance with Good Utility Standard Practice;
- ix. Execution of a Service Agreement in compliance with the rates, terms and conditions set forth in this Tariff; and
- x. Compliance with any other term or condition in this Tariff or State or Federal law or the rules and regulations of any agency or organization to which SDG&E is subject.

**14.2 Distribution Customer Responsibility for Third-Party Arrangements:**

Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Distribution Customer. The Distribution Customer shall provide, unless waived by SDG&E, notification to SDG&E identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by SDG&E pursuant to this Tariff.

**14.3 Distribution Customer Facilities:** Distribution Service is conditioned upon the Eligible Customer's constructing, maintaining and operating facilities necessary to

interconnect with SDG&E and to allow SDG&E to maintain the safe and reliable operation of the Distribution System. The Distribution Customer shall be solely responsible for constructing, installing, and maintaining all facilities on the Distribution Customer's side of the SDG&E interconnection.

**14.4 Annual Capacity Updates:** The Distribution Customer shall provide SDG&E with annual updates of Distribution Service capacity forecasts consistent with those submitted pursuant to Section 15.2(vi) of this Tariff. The Distribution Customer also shall provide SDG&E with timely written notice of material changes to any other information provided in its Application.

## **15. PROCEDURES FOR DISTRIBUTION SERVICE AND INTERCONNECTION SERVICE**

### **15.1 Interconnection:**

Application for Distribution Service under the Tariff is separate from the Interconnection Request under the GIP, but each application may be made concurrently. An Eligible Customer requesting interconnection to the Distribution System shall follow the procedures set forth in this Section 15. An Eligible Customer requesting interconnection of a Generating Facility shall follow the GIP set forth in Attachment H to the Tariff. SDG&E will accept concurrent application for Distribution Service under the Tariff and Interconnection Service under the GIP if the applications are made within thirty (30) Calendar Days of each other, otherwise, the applications will not be considered made concurrently.

**15.1 Application:** Distribution Service may be requested only by written Application at least sixty (60) Calendar Days in advance of the calendar month in which service is to

commence. SDG&E will consider requests for such services on shorter notice when feasible. An Application may be submitted by mail or via e-mail to the name and address posted on SDG&E's Internet website. Such name and address is subject to change with a 10 Business Day notice, but shall initially be:

San Diego Gas and Electric  
Company Attention: Customer  
Generation  
8316 Century Park Court CP52F  
San Diego, CA 92123-1582

Telephone Number: 858-636-5585

E-Mail Address: [WDATGIPAPPLICATIONS@semprautilities.com](mailto:WDATGIPAPPLICATIONS@semprautilities.com)  
[<mailto:WDATGIPAPPLICATIONS@semprautilities.com>](mailto:WDATGIPAPPLICATIONS@semprautilities.com)

SDG&E shall treat all information provided by an Eligible Customer consistent with the standards of conduct contained in Part 358 of FERC's regulations. SDG&E shall time-stamp each Application for establishing the queue date of the Application.

**15.2 Completed Application:** A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- i. The identity, address, telephone number and e-mail of the entity requesting service and the name and contact information of the entity's Designated Agent;
- ii. A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff, and a brief description of why or how the entity does or will qualify as an Eligible Customer;
- iii. The desired points of interconnection to the Distribution System and the proposed Point of Receipt and Point of Delivery;
- iv. The requested deliverability status of the Generating Facility



- v. For LSEs, a description of the supply characteristics of the capacity and energy to be delivered and a description of the load to be served.  
For Generating Facilities, a description of the Generating Facility, including generating capacity and intended operation, and a description of load served (if any).
- vi. A forecast of desired Distribution Service capacity, including a five (5) year forecast of monthly and peak demand requirements beginning with the first year after the service is scheduled to commence. For LSEs, consistent with SDG&E Distribution Planning criteria, forecasts must incorporate a minimum 7% reserve. The forecast required in this section shall be used to set LSE contract demand in Service Agreements;
- vii. A written demonstration that the Eligible Customer will have the necessary contractual arrangements or existing contracts in place to receive transmission service over the CAISO Controlled Grid prior to the commencement of Distribution Service under the Tariff;
- viii. The requested Service Commencement Date and the term of the requested Distribution Service; and
- ix. Such other information SDG&E reasonably requires to process the Application.

**15.3 Deposit:** If the application for Distribution Service is submitted concurrently with an Interconnection Request under the GIP, SDG&E will waive the deposit requirement for Distribution Service outlined in this Section 15.4. Concurrent application means within thirty (30) Calendar Days of submitting the Interconnection Request under the GIP. If SDG&E waives the deposit under the application for Distribution Service, SDG&E will use the Interconnection Request fee and Study Deposit received under the GIP for

administering and processing the application for Distribution Service. The refundability of the study deposit amounts will follow the procedures outlined in the GIP. If the application for Distribution Service is not submitted concurrently with the Interconnection Request, the Distribution Customer shall include a deposit of no less than \$2.00 per kilowatt of anticipated maximum monthly peak demand of desired Distribution Service capacity under the first year of service. If an Application is rejected by SDG&E because it does not meet the conditions for service as set forth herein, SDG&E shall return the deposit with interest less any reasonable costs incurred by SDG&E. Deposits shall also be returned with interest less any reasonable costs incurred by SDG&E if SDG&E is unable to complete new facilities needed to provide Distribution Service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Distribution Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by SDG&E to the extent such costs have not already been recovered by SDG&E from the Eligible Customer. SDG&E will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 16 of this Tariff. If a Service Agreement for Distribution Service is executed, the deposit, with interest, will be returned to the Distribution Customer upon expiration or termination of the Service Agreement for Distribution Service. In the alternative, if the Distribution Customer has satisfactorily fulfilled its Distribution Service payment and financial obligations for a six-month consecutive period and meets the creditworthiness requirements in Section 8 of this Tariff, the deposit, with interest, will be returned to the Distribution Customer upon written request of the Distribution Customer. Applicable interest shall be computed in accordance with FERC's regulations at 18 CFR 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to SDG&E's account.

**15.4 Notice of Deficient Application:** If an Application fails to meet the requirements of this Tariff, SDG&E shall notify the entity requesting service in writing within fifteen (15) Calendar Days of receipt and specify the reasons for such failure. SDG&E will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, SDG&E shall return the Application, along with any deposit, with interest.

**15.5 Response to a Completed Application:** Upon receipt of a new or revised Application that fully complies with the requirements of this Tariff, the Eligible Customer shall be assigned a queue position consistent with the date of the new or revised Application. Following receipt of a Completed Application, SDG&E shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) Calendar Days after the date of receipt of a Completed Application, either if it will be able to provide service without performing an Interconnection Study or if such a study is needed to evaluate the impact of the Application pursuant to Section 16.1 of this Tariff. The notice shall also include an estimate of the cost of the study. If an existing SDG&E wholesale distribution customer seeks to convert its service, without material changes, to service under this Tariff, no Interconnection Study shall be required.

**15.6 Execution of Service Agreement:** Whenever SDG&E determines that a Interconnection Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) Calendar Days after receipt of the Completed Application. If a Service Agreement is executed, the deposit (if any), with interest, will be returned to the Distribution Customer upon the earlier of (1) the expiration or termination of the Service Agreement, or (2) after the Distribution Customer has paid its bills for Distribution Service in accordance with the terms of the Tariff for sixty (60) consecutive months. Where an Interconnection Study is required, the provisions of Section 16 and 17 of this

Tariff will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement within fifteen (15) Business Days after it is tendered by SDG&E will be deemed a withdrawal and termination of the Completed Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

**15.7 Technical Arrangements to be Completed Prior to Commencement of**

**Service:** Distribution Service shall not commence unless SDG&E and the Eligible Customer have completed installation of all equipment specified under the Service Agreement and inspection of these facilities by SDG&E verifies the design and construction of the facilities per Good Utility Standard Practice. All determinations shall be made consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the safe and reliable operation of the Distribution System. SDG&E shall exercise reasonable efforts, in coordination with the Eligible Customer, to complete such arrangements as soon as practicable taking into consideration the desired service commencement date.

**15.8 Changes in Service Requests:** Under no circumstance shall the Distribution Customer's decision to change its requested Distribution Service in any way relieve the Distribution Customer of its obligation to pay the costs of all facilities constructed by SDG&E and charged to the Distribution Customer as reflected in the Service Agreement.

**16. ADDITIONAL STUDY PROCEDURES FOR DISTRIBUTION SERVICE**

**16.1 Interconnection Study:** Interconnection Studies for Distribution Service shall be

performed in accordance with the GIP.

**16.2 [not used]**

**16.3 [not used].**

**16.4 [not used]**

**16.5 [not used]**

**16.6 [not used]**

**16.7 [not used]**

**16.8 Due Diligence in Completing New Facilities:** SDG&E shall use due diligence to add necessary facilities or upgrade its Distribution System within a reasonable time. SDG&E will not upgrade its existing or planned Distribution System in order to provide requested Distribution Service if doing so would cause risk to the safe and reliable operation of the Distribution System or otherwise impair or degrade service to CPUC jurisdictional customers or existing wholesale customers.

## **17. IF DISTRIBUTION PROVIDER CANNOT COMPLETE NEW FACILITIES**

**17.1 Delays in Construction of New Facilities for Distribution Services:** If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, SDG&E shall promptly notify the Distribution Customer. In such circumstances, SDG&E shall within thirty (30) Calendar Days of notifying the Distribution Customer of such delay, convene a technical meeting with the Distribution Customer to evaluate the alternatives available to the

Distribution Customer. SDG&E shall make available to the Distribution Customer studies and work papers related to the delay, including all information SDG&E's possession reasonably needed by the Distribution Customer to evaluate any alternatives.

**17.2 Alternatives to the Original Facility Additions:** When the review process of Section 17.1 of this Tariff determines that one or more alternatives exist to the originally planned construction project, SDG&E shall present such alternatives for consideration by the Distribution Customer. If, upon review of any alternatives, the Distribution Customer desires to proceed with its Application subject to construction of the alternative facilities, the Service Agreement shall be modified accordingly. In the event that there are no reasonable alternatives that are technically feasible, and Distribution Customer does not agree to wait for the construction of the original facilities, the Application shall be deemed withdrawn and the deposit shall be returned with interest. If Distribution Customer disagrees with the withdrawal, Distribution Customer may seek relief under the dispute resolution procedures set forth in Section 9 of the Tariff.

**17.3 Refund Obligation for Unfinished Facility Additions:** If SDG&E and the Distribution Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of the Tariff, the obligation to provide the requested Distribution Service shall terminate and any deposit made by the Distribution Customer shall be returned with interest pursuant to Section 35.19a(a)(2)(iii) of FERC's regulations. However, the Distribution Customer shall be responsible for all costs prudently incurred by SDG&E through the time construction was suspended.

**18. DISTRIBUTION CONSTRUCTION AND OTHER SERVICES OF OTHER UTILITIES**

**18.1 Responsibility for Third-Party System Additions:** SDG&E shall not be

responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities.

**18.2 Coordination of Third-Party System Additions:** In circumstances where the need for additional Distribution Facilities or upgrades is identified pursuant to the provisions of the Tariff, and if such upgrades further require the addition of distribution facilities on other systems, SDG&E shall have the right to coordinate construction on its own system with the construction required by others. SDG&E, after consultation with the Distribution Customer and representatives of such other systems, may defer construction of its new Distribution Facilities, if the new distribution facilities on another system cannot be completed in a timely manner.

**19. CHANGES IN SERVICE SPECIFICATIONS**

SDG&E will make good faith efforts to accommodate minor changes in Distribution Service, provide such changes are requested in writing. Any request to materially modify Distribution Service, particularly any request requiring reevaluation of potential impact to the Distribution System, shall be treated as a new request for service, shall be processed in accordance with Section 15 of this Tariff, and shall require a new Service Agreement which shall subsume the prior Distribution Service and Service Agreement.

**20. METERING AND POWER FACTOR CORRECTION**

**20.1 [Not Used]**

**20.2 [Not Used]**

**20.3 Distribution Customer Obligations:** Distribution Customer shall compensate SDG&E for installing and maintaining metering and communications equipment to allow SDG&E to accurately account for the capacity and energy being transmitted under this Tariff. The equipment must be capable of providing 15-minute interval reads. Such equipment shall remain the property of the Distribution Customer.

**20.4 Power Factor:** Unless otherwise agreed, Distribution Customer is required to maintain a power factor with the same range as SDG&E consistent with Good Utility Practice. The power factor requirements shall be specified in the Service Agreement and the Interconnection Agreement where applicable. The Distribution Customer's bill will be adjusted each month for power factor by the amount specified in the Service Agreement. The amount is based upon the per KVA<sub>r</sub> of maximum reactive demand the Distribution Customer imposed on SDG&E as reflected in the Service Agreement.

**20.5 SDG&E's Access to Metering Data:** SDG&E shall have access to metering data which may reasonably be required to facilitate measurements and billing under the Service Agreement.

**21. COMPENSATION FOR DISTRIBUTION SERVICE**

Rates and charges for Distribution Service are set forth in the Service Agreement.

Rates and charges are described in Schedule WDS1 that is Exhibit 3 to the Service Agreement. SDG&E shall account for such use at the applicable Tariff rates. Distribution



Customer shall pay SDG&E any rates and charges for Distribution Service as set forth in the Service Agreement, along with any applicable study costs, and any penalties assessed pursuant to the Service Agreement, consistent with FERC policy. Any charges for Real Power Losses, Ancillary Services, and Transmission Service shall be paid by Distribution Customer pursuant to the CAISO Tariff or Transmission Owner Tariff.

## **22. STRANDED COST RECOVERY**

SDG&E may seek to recover stranded costs from the Distribution Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888 and 888-A, or subsequent FERC decision. However, SDG&E must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

## **23. COMPENSATION**

All costs associated with facility additions and Direct Assignment Facilities shall be pre-paid by the Distribution Customer in accordance with the terms of the Service Agreement and Schedule WDS 1. All costs associated with redispatch shall be paid by the Distribution Customer in advance of the redispatch.

## **24. STANDARDS OF CONDUCT**

Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 CFR Parts 37 and 358 of FERC's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities) and will be followed to the extent applicable.

## **SCHEDULE WDS 1**

### **WHOLESALE DISTRIBUTION SERVICE**

**1. Distribution Service Charges:** Distribution Customers shall pre-pay all costs associated with facility additions and Direct Assignment Facilities in accordance with the Service Agreement and Section 2.4 of this Schedule WDS 1 and shall compensate SDG&E each month for Distribution Service at the sum of the applicable charges set forth below.

**1.1 [Not Used]**

**1.2 Distribution Service for LSEs:** The lump sum and monthly charges for Distribution Service for LSEs shall be based upon the following charges:

- i. A customer service charge (See Section 2.1): \$\_\_\_\_/month;
- ii. A distribution demand charge (See Section 2.2): \$ /kW/month;
- iii. Customer advance associated with Direct Assignment Facilities (See Section 2.4): \$ lump sum payment;
- iv. A cost of ownership charge for Direct Assignment Facilities (See Section 2.6): \$/month;
- v. Power Factor Adjustment Charge (See Section 2.7): The Distribution Customer's bill will be adjusted by a dollar per kVAr of maximum reactive demand as determined in Section 20.4 of the Tariff;
- vi. Distribution loss adjustment charge (See Section 2.8); and
- vii. Impairment (See Section 2.9) or other (See Section 2.3) charges, if any.

**1.3 Distribution Service for Generating Facilities:** The lump sum and monthly charges for Distribution Service for Generating Facilities shall consist of the following:

- i. A customer service charge (See Section 2.1): \$\_\_\_\_/month;

- ii. Customer advance associated with Direct Assignment Facilities (See Section 2.4): \$\_\_\_\_/month;
- iii. A distribution demand charge associated with upgrades (See Section 2.5):  
\_\_\_\_/kw/month;
- iv. Cost of ownership charge for Direct Assignment Facilities (See Section 2.6): \$\_\_\_\_/month;
- v. Power Factor Adjustment Charge (See Section 2.7): The Distribution Customer's bill will be adjust3ed as determined in Section 20.4 of the Tariff;  
and

vi. Impairment (See Section 2.9) or other charges (See Section 21.3), if any.

## **2. Description of Specific Charges**

**2.1 Customer Service Charge:** A fixed monthly Distribution Customer service charge shall be assessed to reimburse SDG&E for its costs of labor and supervision for billing services which it provides to the Distribution Customer, including, among other things, billing, accounting for reactive power and Distribution Facilities usage as provided in this Tariff. This charge is determined by an individual special study and is included in the Service Agreement.

**2.2 Distribution Demand Charge for LSEs:** Distribution Customers that are LSEs shall pay a Distribution Demand Charge. The Distribution Demand charge shall recover the higher of: (a) the Distribution Customer's proportionate share of the embedded costs (including expansion costs) of the Distribution Facilities that are used to serve the Distribution Customer's load (excluding Direct Assignment Facilities); or (b) the incremental cost of whatever expansions or upgrades to the Distribution Facilities are required to serve the Distribution Customer's load (excluding Direct Assignment Facilities). If the revenue requirement is based upon embedded costs (as expanded) the cost of the Distribution Facilities used to serve the Distribution Customer shall be calculated according to the Distribution Customer's proportionate share of the total load served from the identified Distribution Facilities. The monthly demand charge shall be calculated by dividing the annual revenue requirement associated with the identified Distribution Facilities by the sum of the Distribution Customers twelve monthly maximum peak demands imposed on those facilities.

**2.3 Termination Service Charge:** If the Distribution Customer terminates service, the Distribution Customer agrees to pay for the remaining cost of such facilities whether or not it takes service for the full term specified in the Service Agreement. The remaining cost of the facilities shall be equal to the Distribution Customers load ratio share of such facilities using contract demands to calculate such load ratio. The remaining life of the facilities will be the depreciated installed cost of the added facilities plus removal costs, less salvage. SDG&E shall file all charges under this provision with FERC prior to termination.

**2.4 Customer Advance Associated with Direct Assignment Facilities:** In accordance with Attachment A of this Tariff, SDG&E shall calculate a customer advance for Direct Assignment Facilities that will be payable by the Distribution Customer at the time a Service Agreement is signed (See Attachment A).

**2.5 Distribution Demand Charge Associated with Upgrades for Generators:** Generators shall pay for that portion of distribution upgrades that directly benefit them. Such costs may be paid by advance or through a monthly demand charge.

**2.6 Cost of Ownership Charge for Direct Assignment Facilities:** The cost of ownership charge for Direct Assignment Facilities recovers SDG&E's on-going costs of owning and operating Direct Assignment Facilities. In accord with Attachment A, such on-going costs shall include operation and maintenance costs, replacement costs (due to normal deterioration), and property taxes. The cost of ownership charge shall also include the on-going costs of any facilities installed by the Distribution Customer or others that are deeded to SDG&E. The manner in which the monthly cost of ownership charge is derived is shown in Attachment A.

**2.7 Power Factor Adjustment Charge:** The Distribution Customer's bill shall be adjusted by a dollar amount per kVAr of maximum reactive demand as determined in Section 10.3 of the Service Agreement.

**2.8 Distribution Loss Adjustment Charges for LSEs:** Distribution losses shall be paid by LSEs on a monthly basis and will be calculated using standard engineering formulas applicable to the Distribution Customer's use of SDG&E's distribution system. The energy loss factor calculated by these formulas shall be applied to the Distribution Customer's monthly energy consumption for the billing month. The energy loss shall be recovered in accordance with Attachment A.

**2.9 Impairment Charge:** Distribution Customers shall be responsible for the costs related to any event that could result from Distribution Service which is reasonably likely to cause: (i) the inclusion in gross income for federal income tax purposes of the interest paid and/or to be paid on any local-furnishing private activity bonds ("Bonds") as described in Section 142(f) of the Internal Revenue Code of 1986, as amended, or in any predecessor statute (the "Code"), issued for the benefit of SDG&E; (ii) the inclusion in gross income of interest for federal income tax purposes on debt which is reasonably expected to be issued in the future to finance distribution or generation facilities of SDG&E, or to be issued to refinance any outstanding Bonds issued for the benefit of SDG&E; or (iii) the loss of the deductibility, under Section 150 of the Code, of any interest expense associated with interest paid or to be paid on any such Bonds. Such costs include costs reasonably necessary to avoid or minimize the cost of an impairment including: (i) redispatch of generation; (ii) construction or other physical modification of SDG&E's System; and/or (iii) redemption, defeasance or financing of Bonds (the "Refinancing"). Among other things, the costs of Refinancing shall include:

(A) the costs, including, but not limited to, increased interest cost of refinancing any outstanding Bonds which must be redeemed or defeased; (B) the increased interest costs associated with the inclusion in gross income for Federal income tax purposes of interest on any debt to be issued to finance the distribution and generation facilities of SDG&E; and (C) any increased income and franchise tax liability of SDG&E resulting from the loss of deductibility of interest expense associated with interest on any Bonds issued or to be issued for the benefit of SDG&E. For purposes of computing costs resulting from increased interest costs associated with (B), it shall be assumed that SDG&E will have access to State of California private activity bond volume cap under Section 146 of the Code to finance distribution system costs to the same proportionate extent as SDG&E's post-1985 distribution system costs in fact have been financed with tax-exempt Bonds.

## **ATTACHMENT A TO THE TARIFF**

### **FORM OF SERVICE AGREEMENT FOR WHOLESALE DISTRIBUTION SERVICE**

1. This Service Agreement (Agreement), dated as of \_\_\_\_\_, is entered into, by and between \_\_\_\_\_ (SDG&E), and \_\_\_\_\_ (Distribution Customer). SDG&E and Distribution Customer shall each be referred to as a "Party" and collectively as "Parties."
2. The Distribution Customer has been determined by SDG&E to have a Completed Application for Distribution Service (Completed Application) under the Wholesale Distribution Access Tariff (Tariff). All capitalized terms, unless otherwise specified, shall have the same meaning as the capitalized terms defined in the Tariff.
3. The Distribution Customer has provided to SDG&E an application deposit in accordance with the provisions of Section 15.4 of the Tariff, unless the application deposit was waived by SDG&E due to concurrent application under the GIP..
4. Service under this Agreement shall commence on the latter of: (1) the Service Commencement Date requested in the Application; or (2) the date on which construction of any Direct Assignment Facilities are completed; or (3) such other date as designated by FERC. Service under this agreement shall terminate on \_\_\_\_\_.
5. SDG&E agrees to provide and the Distribution Customer agrees to take and pay for Distribution Service in accordance with the provisions of the Tariff and this Service Agreement and Schedules attached hereto.
6. The Distribution Customer shall make a customer advance payment to SDG&E for all Direct Assignment Facilities at the time it returns an executed Service Agreement.



7. Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Notices:  
To SDG&E:

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To Distribution Customer:

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## 8. Interconnection Details

### 8.1 Interconnection of LSEs to SDG&E

**8.1.1** All facilities needed for the interconnection of the LSE's facilities to SDG&E's Distribution Facilities shall be installed, operated, and maintained in accordance with Good Utility Practice.

**8.1.2** The LSE shall specify: (i) the voltage level of service desired, provided such voltage shall be compatible with standard voltages used on SDG&E's system; and (ii) any applicable service criteria of the LSE, including, but not limited to, any redundancy desired in SDG&E's Distribution Facilities. If technically feasible, SDG&E shall provide service at such voltage and in accordance with such criteria, conditioned on SDG&E obtaining any necessary regulatory permits and complying with any other federal, state, or local requirements for the construction of any such facilities.

**8.1.3** The LSE shall keep SDG&E informed on a timely basis of any changes that may materially affect Distribution Service. If such changes may cause risk to the safe and reliable operation of the Distribution System, or impact the

ability of SDG&E to serve CPUC jurisdictional customers or existing wholesale customers, the LSE must take immediate action to reverse the change to previous circumstances.

**8.1.4** SDG&E shall own, operate, and maintain all Direct Assignment Facilities. The LSE shall pre-pay all costs and expenses for such Direct Assignment Facilities that are exclusively used to provide Distribution Service to the LSE including, but not limited to, the costs of permitting, planning, procuring, constructing, owning, maintaining, and operating any such facilities.

**8.1.5** The LSE shall maintain its own facilities, at its sole expense, in a manner consistent with Good Utility Practice. The LSE shall also install protective equipment on its own system and take any other reasonable measures to protect the safe and reliable operation of SDG&E's system from disturbances on the LSE's system.

**8.1.6 [Not Used]**

**8.1.7** The LSE shall provide SDG&E access to the LSE's interconnection facilities to the extent necessary for SDG&E to construct, operate, or maintain interconnection facilities. The LSE agrees to grant SDG&E all necessary easements and rights of way, including adequate and continuing access rights, on the property of the LSE to transport, install, operate, maintain, replace, and remove the interconnection facilities, and any equipment or line extension that may be provided, owned, operated and maintained by SDG&E on the property of the LSE. The LSE agrees to

grant such easements and rights of way to SDG&E at no cost and in a form satisfactory to SDG&E and capable of being recorded in the office of the San Diego County Recorder.

- 8.1.8** The Parties shall cooperate with one another in scheduling maintenance to any interconnection facility or in taking any interconnection facility out of service, provided that in an emergency SDG&E may take facilities out of service if necessary to protect SDG&E's Distribution System.

## **8.2 Interconnection of Generating Facilities to SDG&E**

- 8.2.1** Generating Facilities shall interconnect with SDG&E's Distribution Facilities in accordance with all applicable FERC, CAISO, WECC and NERC rules and criteria (or the rules and criteria of any successor to any of these entities), and Good Utility Practice. Requests to interconnect Generating Facilities will follow the Generator Interconnection Procedures (GIP) as set forth in Attachment H of the Tariff.
- 8.2.2** Unless otherwise agreed to by parties, SDG&E shall design, own, install, and maintain all facilities necessary to interconnect the Generating Facility to the Distribution System (also referred to as Direct Assignment Facilities) at the Distribution Customer's sole expense, to the extent permitted by FERC policies. Such facilities shall include any equipment necessary to protect SDG&E's electric system, employees, and customers from damage or injury arising out of or connected with the operation of the Distribution Customer's Generating Facilities, including, but not limited to, short circuit protection, breaker closing/re-closing control, unit tripping, loss of synchronism, over current/under current devices such as relays, remote terminal units, circuit breakers, and meters. The construction of

the Direct Assignment Facilities, and their operation and maintenance, shall meet SDG&E's specifications and shall be subject to inspection and testing by SDG&E as follows:

#### **8.2.2.1 Design of Interconnection Facilities**

Distribution Customer, at its sole expense, shall acquire all permits and approvals and complete all environmental impact studies necessary for the design, construction, installation, operation, and maintenance of the interconnection facilities.

Distribution Customer shall provide to SDG&E the electrical specifications and design drawings pertaining to the interconnection facilities for SDG&E's review prior to finalizing design of the interconnection facilities and before beginning construction work based on such specifications and drawings. Distribution Customer shall provide to SDG&E reasonable advance written notice of any changes in the interconnection facilities and provide to SDG&E specifications and design drawings of any such changes for SDG&E's review and approval. SDG&E may require modifications to such specifications and designs as it deems necessary to allow SDG&E to operate SDG&E's electrical system in accordance with Good Utility Practice.

#### **8.2.2.2 Interconnection Specifications for Generating Facilities**

A means of disconnection must be available on both sides of SDG&E's metering and must be under the control of SDG&E. Disconnection can be accomplished with switches, load break elbows, cutouts, or secondary breakers. Disconnect switches can also be used provided that the switches meet with SDG&E's approval and SDG&E has preemptive

control. Distribution Customers with three-phase Generating Facilities should be aware that certain conditions in SDG&E's system may cause negative sequence currents to flow in the Generating Facility. It is the sole responsibility of Distribution Customer to protect its equipment from excessive negative sequence currents. Distribution Customer shall include suitable devices to ensure adequate protection for:

- (a) all faults on the Distribution Customer's system;
- (b) all faults on the Distribution System; and
- (c) back feed or start-up of a Generating Facility into a dead utility bus

The following protective devices are required as a minimum to effect connection and separation of SDG&E and Distribution Customer's Generating Facility (For Generating Facilities smaller than 11 kVA, the following are recommended but not required.):

- (d) individual phase over current trip devices;
- (e) under voltage trip devices,
- (f) over/under frequency trip devices,
- (g) synchronizing or equivalent controls, either automatic or manual, supervised by a synchronizing relay if the short circuit contribution ratio ("SCCR") is in excess of .05, to ensure a smooth connection with SDG&E's system  
(Synchronous generators only).

For synchronous generators only, sufficient reactive capability shall be provided to withstand normal voltage changes on SDG&E's electric system. For induction generators, capacitor installations may be required

for reactive power support. Such capacitors will be at the expense of Distribution Customer.

### **8.2.2.3 Supplemental Interconnection Design Specifications**

#### **8.2.1.3.1 Unintended Islanding for Generating Facilities.**

Distribution Customers must mitigate the potential contribution to an unintended island by its Generating Facility. This can be accomplished by one of the following options: (1) incorporating certified non-islanding control functions into the protective functions; (2) verifying that loads served by the Generating Facility sufficiently exceed the Net Nameplate Rating of the Generating Facility; or (3) incorporating a Transfer Trip or an equivalent protective function.

#### **8.2.1.3.2 Fault Detection.**

A Generating Facility with an SCCR exceeding 0.1 or one with protective functions that do not meet any one of the options for detecting unintended islands in 8.2.2.3(1) shall be equipped with protective functions designed to detect Distribution System faults, both line-to-line and line-to-ground, and promptly cease to energize SDG&E's Distribution System in the event of a fault. For a generating facility that cannot detect these faults within two seconds, SDG&E may require a Transfer Trip system or equivalent protective function. Reclose-blocking of SDG&E 's affected recloser(s) may also be required for generating facilities that exceed 15% of the peak load on the line section.

For a Generating Facility with a capacity greater than 1 MW, Distribution Customer shall be required to provide telemetering of the Generating Facility output to SDG&E.

**9. Interconnection Facilities and Review Disclaimer**

SDG&E's review of the design, construction, operation, or maintenance of Distribution Customer interconnection facilities shall not constitute any representation as to the economic or technical feasibility, operational capability, or reliability of such facilities.

Distribution Customer shall in no way represent to any third party that any such review by SDG&E of such facilities is a representation by SDG&E as to the economic or technical feasibility, operational capability, or reliability of such facilities.

Distribution Customer is solely responsible for the economic and technical feasibility, operational capability, and reliability of the interconnection facilities.

SDG&E shall notify Distribution Customer in writing of the outcome of SDG&E's review of the design and all of the specifications, drawings, and explanatory material for Distribution Customer's interconnection facilities within thirty (30) Calendar Days of the receipt of the design and all of the specifications, drawings, explanatory material for the interconnection facilities. Any flaws in the design perceived by SDG&E in the review of all the specifications, drawings, and explanatory material for the interconnection facilities shall be described in SDG&E's written notification.

**10. Operational Aspects of Generating Facility Interconnection**

Distribution Customer shall not commence parallel operation of any Generating Facility until written approval for operation of the interconnection facilities has been given by SDG&E. Such approval shall not be unreasonably withheld. Distribution Customer shall

notify SDG&E in writing of its intent to energize the interconnection facilities not less than forty-five (45) Calendar Days prior to such energizing. SDG&E shall have the right to inspect the interconnection facilities within thirty (30) Calendar Days of receipt of such notice. If the interconnection facilities are not approved by SDG&E, SDG&E shall provide written notice to Distribution Customer stating the reasons for SDG&E's disapproval within five (5) Calendar Days of the inspection.

Distribution Customer shall provide written notice to SDG&E at least fourteen (14) Calendar Days prior to the initial and subsequent testing of the protective apparatus. The protective apparatus shall be tested thereafter at intervals not to exceed three (3) years using qualified personnel. SDG&E shall have the right to have a representative present at the initial and subsequent testing of the protective apparatus and to receive copies of the test results. At all times the Distribution Customer shall operate its generating facilities and interconnection facilities in accord with Good Utility Practice

#### **10.1 Nominal Voltage and Grounding**

SDG&E's most common voltages in its Distribution System are 4 kV and 12 kV.

The majority of the common distribution voltages are grounded. SDG&E will provide information on the specific circuit serving the Generating Facility as part of the Interconnection Studies.

#### **10.2 Operating Requirements for Generating Facilities**

In order for SDG&E to supply and maintain proper voltages on the Distribution System, SDG&E electric system voltages may fluctuate from the nominal values. SDG&E uses various regulation techniques to raise and lower both distribution and transmission voltages in order to maintain desired customer service voltage. Distribution Customers shall design and operate its facilities to withstand such voltage changes and to respond with proper power factor adjustment in sufficient



time so as not to interfere with SDG&E's voltage regulation.

Distribution Customers must assure that at their point of interconnection to the Distribution System, the location shall be identified with a special tag for the purpose of notifying SDG&E field crews of the possibility of back feed.

SDG&E may ground de-energized lines and equipment upon which work will be performed. SDG&E may test its electrical lines that have automatically tripped (de-energized) due to a fault by reclosing the affected circuit at least one time.

Distribution Customer shall not reconnect Generating Facilities after a protective device trip unless the Generating Facility and its control system is energized from SDG&E. Additionally, any control circuit(s) or control systems must be designed to prevent accidental Generating Facility connection to a dead utility system. Design variations are acceptable provided the requirements of this Section are satisfied.

### **10.3 Power Factor:**

Unless otherwise agreed, the Distribution Customer is required to maintain its power factor within the same range as SDG&E, pursuant to Good Utility Practices. The Distribution Customer's bill will be adjusted each month for power factor by the amount the Distribution Customer deviates from SDG&E's range. This provision recognizes that a Distribution Customer may provide reactive power support in accordance with Section 12.10 (Self Provision of Ancillary Services) of this Tariff.

### **10.4 Power Factor Maintenance and Future Changes in Target**

#### **Power Factor**

SDG&E may change the per kVAr amount from time to time upon thirty (30) Calendar Days written notice to Distribution Customer. SDG&E shall allow a reasonable amount of time for corrective action by the Distribution Customer.

## **11. Real Property Rights**

Distribution Customer agrees to grant SDG&E all necessary easements and rights of way, including adequate and continuing access rights, on property of Distribution Customer to transport, install, operate, maintain, replace, and remove the Direct Assignment Facilities, and any equipment or line extension that may be provided, owned, operated and maintained by SDG&E on the property of Distribution Customer. Distribution Customer agrees to grant such easements and rights of way to SDG&E at no cost and in a form satisfactory to SDG&E and capable of being recorded in the office of the San Diego County Recorder.

If any part of SDG&E's Direct Assignment Facilities, equipment, and/or line extension is to be installed on property owned by other than Distribution Customer, or under the jurisdiction or control of any other individual, agency or organization, SDG&E may, at its discretion and at Distribution Customer's cost and expense, obtain from the owners thereof all necessary easements and rights of way including adequate and continuing access rights, and/or such other grants, consents and licenses, in a form satisfactory to SDG&E, for the construction, operation, maintenance, and replacement of Direct Assignment Facilities, equipment, and/or line extension upon such property.

If SDG&E does not elect to obtain or cannot obtain such easements and rights of way, Distribution Customer shall obtain them at its cost and expense.

SDG&E shall have the right of ingress to and egress from the Generating Facility at all reasonable hours for any purposes reasonably connected with the Service Agreement or the exercise of any and all rights secured to SDG&E by law or its tariff schedules on file with FERC.

SDG&E shall have no obligation to Distribution Customer for any loss, liability, damage,

claim, cost, charge, or expense due to SDG&E's inability to acquire a satisfactory right of way, easement or other real property interest necessary to SDG&E's performance of its obligations under this Agreement or the Tariff.

Nothing in this Agreement shall be construed to require SDG&E to acquire land rights through condemnation or any other means for the Distribution Customer either inside or outside of SDG&E's service area unless SDG&E shall in its sole discretion elect to do so.

## **12. Assignment**

Neither Party shall voluntarily assign its rights nor delegate its duties under this Agreement without the written consent of the other Party, except in connection with the sale or merger of a substantial portion of its properties. Any such assignment or delegation made without such written consent shall be null and void. Consent for assignment shall not be unreasonably withheld.

## **13. Non-Waiver**

None of the provisions of this Agreement shall be considered waived by either Party except when such waiver is given in writing. The failure of any Party at any time or times to enforce any right or obligation with respect to any matter arising in connection with this Agreement shall not constitute a waiver as to future enforcement of that right or obligation or any right or obligation of this Agreement.

## **14. Section Headings**

Section headings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

## **15. Governing Law**

This Agreement shall be interpreted, governed, and construed under the laws of the State of California as if executed and to be performed wholly within the State of California except to the extent disputes are the responsibility of FERC.

16. **Amendment, Modification or Waiver:** Any amendments or modifications to this Agreement shall be in writing and agreed to by both Parties. The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any Party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, shall be deemed to be construed as a further or continuing waiver of any such breach or a waiver of the breach of any other term or covenant unless such waiver is in writing.

Notwithstanding any of the foregoing, nothing contained in this Service Agreement shall be construed as affecting in any way the right of SDG&E to unilaterally make application to FERC for a change in rates, terms, conditions, charges or classification of service under Section 205 of the Federal Power Act and pursuant to FERC's rules and regulations promulgated thereunder.

Nothing contained in this Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under this Service Agreement to exercise its rights under the Federal Power Act and pursuant to FERC's rules and regulations promulgated thereunder.

17. The Tariff and the attached Exhibits are incorporated herein and made a part hereof.

**IN WITNESS WHEREOF**, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

**SDG&E:**

By: \_\_\_\_\_  
Name Title Date

**Distribution Customer:**

By: \_\_\_\_\_  
Name Title Date

**SPECIFICATIONS FOR  
WHOLESALE DISTRIBUTION SERVICE**

5. For Generators, the maximum amount of capacity and energy to be transmitted on SDG&E's Distribution System:\_\_\_\_\_. For LSEs, the maximum contract demand as specified in Section 15.2(v): \_\_\_\_\_
6. [Not Used]
7. Name(s) of any Intervening Systems providing transmission service:  
\_\_\_\_\_
8. Service under this Agreement is subject to the charges set forth in Schedule WDS 1 of the Tariff.

**DISTRIBUTION SERVICE AGREEMENT  
ATTACHMENT A  
EXHIBIT Ia**

**CALCULATION OF DISTRIBUTION CUSTOMER'S ADVANCE PAYMENT**

Distribution Customer \_\_\_\_\_

Project Name and Location \_\_\_\_\_

The total Advance Payment for Direct Assignment Facilities required for the above project prior to the start of construction is as follows:

**1. Direct Assignment Facility Costs Incurred by SDG&E**

The Distribution Customer agrees to pay SDG&E's total estimated cost of the facilities to serve the Distribution Customer, less credits, if any.

(From Exhibit 2 - Direct Assignment Facilities) \$ \_\_\_\_\_

**2. ITCC Tax**

The Distribution Customer must pay the taxes on such contributions, in addition to any other applicable contributions, such as facilities installed by the Distribution Customer, and deeded to SDG&E.

(From Exhibit 3 - ITCC Tax) \$ \_\_\_\_\_

**3. Total**

(Sum of Installation Charge and ITCC Tax) \$ \_\_\_\_\_

Future relocation related costs, if any, are not included in these cost determinations. The Distribution Customer is responsible for the cost of relocating the subject facilities herein. The future relocation costs will be determined at the time of relocation and are subject to approval by FERC.

**DISTRIBUTION  
SERVICE AGREEMENT  
ATTACHMENT A**

**EXHIBIT 2 - DIRECT ASSIGNMENT FACILITIES**

The following is SDG&E's site-specific estimate (gross financial costs -- labor, material, indirect and overhead cost components) for the facilities required to provide Distribution Service to the above project. This estimate excludes any work on SDG&E's facilities done for the convenience of SDG&E, such as work to accommodate future system expansion, or capacity increases.

**Description of Direct Assignment Facilities to be installed:**

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**1. Protection System Modifications** (installation and \$ \_\_\_\_\_  
reconfiguration of protective devices)

**2. Power Factor Adjustment** \$ \_\_\_\_\_



**3. Voltage Correction Devices** (installation of regulators, boosters, and capacitors) \$ \_\_\_\_\_

**4. Primary Extension Estimated Costs** (Poles, conductors, other equipment) \$ \_\_\_\_\_

**5. Revenue Meters** (Initial cost to install and the field set up revenue meters, plus the administrative costs of setting up the revenue data retrieval) \$ \_\_\_\_\_

**6. Telecommunications Facilities** (Initial payments to telephone company (or other similar organization) for the installation of phone lines, etc., plus related telecommunications work by SDG&E to establish telecom links. Does not include on-going monthly service charges.) \$ \_\_\_\_\_

**7. Other Facility Costs and Applicable ITCC Tax** \$ \_\_\_\_\_

**8. Total Initial Installation Charge** (Sum of 1 through 7) \$ \_\_\_\_\_

**DISTRIBUTION  
SERVICE AGREEMENT  
ATTACHMENT A**

**EXHIBIT 3 - ITCC TAX**

**1. One-time Advance Payment by Distribution Customer**  
(From Exhibit 2 - Direct Assignment Facilities)

**\$ \_\_\_\_\_**

**2. Value of trenching, conduits, and other facilities subject to ITCC** (Description of facilities)

**\$ \_\_\_\_\_**

<b>3. Total taxable amount</b> (Sum of Items 1 through 2)	\$ _____
<b>4. Tax Rate</b> (Sum of 1 through 7)	22%
<b>5. Tax Due Tax Rate</b> (In 4) X Taxable Amount (In 3) =	\$ _____

**DISTRIBUTION  
SERVICE AGREEMENT  
ATTACHMENT A**

**EXHIBIT 4 - COST OF OWNERSHIP CHARGE  
FOR DIRECT ASSIGNMENT FACILITIES**

The cost of ownership for Direct Assignment Facilities is SDG&E's on-going cost liabilities operating facilities, including such costs as maintenance costs, replacement costs (due to age and normal life and deterioration), and property taxes.

- 1. Cost of Direct Assignment Facilities Installed by SDG&E** \$ \_\_\_\_\_  
(From line 8 of Exhibit 2 - Installation Charge (includes ITCC tax))
- 2. Cost of Direct Assignment Facilities Installed by Distribution Customer or Others and Deeded to SDG&E** \$ \_\_\_\_\_
- 3. ITCC Tax** (From line 5 of Exhibit 3 - ITCC Tax and ITCC Tax applicable to line 2, above) \$ \_\_\_\_\_
- 4. Total Cost Basis** (Sum of line 1, line 2, less line 3) \$ \_\_\_\_\_
- 5. Applicable Cost of Ownership Rate** (Annual fix charge rate to be determined at time of service request) \_\_\_\_\_%
- 6. Applicable Monthly Cost of Ownership** (Line 4 X line 5)/12 \$ \_\_\_\_\_/month

**ATTACHMENT A**

**EXHIBIT 5**

**SERVICE AGREEMENT**

## **ATTACHMENT A**

### **EXHIBIT 6 - DISTRIBUTION LOSSES**

#### **A. Distribution Losses Applicable to LSEs**

Based on a case-by-case analysis, the Distribution Customer shall compensate SDG&E for the monthly energy losses that occur on the Distribution System up to the Distribution Customer's point of interconnection. Energy losses will be based upon the Distribution Customer's maximum monthly demand and monthly-metered energy flow at the point of interconnection. Such energy losses shall be calculated using applicable standard engineering loss formulas.

## SERVICE AGREEMENT

### ATTACHMENT A

#### EXHIBIT 7a - CALCULATION OF DISTRIBUTION DEMAND CHARGE FOR LSEs

1. Allocated Preexisting and New Distribution Facilities (Note A, below) \$ \_\_\_\_\_
2. Annual Fixed Carrying Cost (Note B, below)
3. Annual Revenue Requirements (Line 1 X line 2) \$ \_\_\_\_\_
4. Monthly Demand Charge (Line 3 / Note C, below) \_\_\_\_\_/kw

Note A: SDG&E shall do a special study to determine the allocated portion of preexisting and new facilities that should be assigned to the customer.

Note B: The annual fixed carrying charge will be derived to recover SDG&E's cost of capital, depreciation, O&M expenses, property taxes, income taxes, etc. related with the allocated preexisting and new Distribution Facilities.

Note C: The sum of the customer's twelve monthly maximum demands as measured at the customer's meter.

**SERVICE AGREEMENT  
ATTACHMENT A**

**EXHIBIT 7b - CALCULATION OF DISTRIBUTION  
DEMAND CHARGE FOR GENERATING  
FACILITIES DISTRIBUTION SERVICE  
AGREEMENT  
ATTACHMENT A**

Although a Distribution Customer who develops a Generating Facility will not be charged for an allocated portion of preexisting Distribution Facilities, such Distribution Customers will be responsible for the costs of distribution upgrades or an allocated portion of the upgrades directly benefiting them. The Distribution Customer can pay a customer advance as calculated in Exhibit 7c or pay a monthly demand charge as derived in this Exhibit 7b.



**EXHIBIT 7C CALCULATION OF DISTRIBUTION CUSTOMER'S ADVANCE PAYMENT FOR  
GENERATING FACILITIES**

Distribution Customer \_\_\_\_\_

Project Name and Location \_\_\_\_\_

The total advance payment for the upgrade facilities or an allocated portion thereof required for the above project prior to the start of construction is as follows:

- |  |           |
|--|-----------|
| 1. Distribution Upgrade or allocated portion thereof (Note A, below) | \$ _____  |
| 2. Annual Fixed Carrying Cost (Note B, below)                        |           |
| 3. Annual Revenue Requirements (Line 1 X line 2)                     | \$ _____  |
| 4. Monthly Demand Charge (Line 3 / Note C, below)                    | _____ /kw |

Note A: SDG&E shall determine the upgrade or allocated portion of the upgrade the Customer will pay. These upgrades will be determined in the Facility Study.

Note B: The annual fixed carrying charge will be derived to recover SDG&E's cost of capital, depreciation, O&M expenses, property taxes, income taxes, etc. related with the upgrade.

Note C: The sum of the customer's twelve monthly maximum demands as measured at the customer's meter.

**1. Upgrade Costs or portion thereof incurred by SDG&E**

The Distribution Customer agrees to pay SDG&E's total estimated cost of the facilities to serve the Distribution Customer, less credits, if any: \$ \_\_\_\_\_

**2. ITCC Tax**

The Distribution Customer must pay the taxes on such upgrades. Calculation will

be made similar to that shown in Exhibit 3 - ITCC Tax) \$ \_\_\_\_\_

**3. Total**

(Sum of Installation Charge and ITCC Tax) \$

ATTACHMENT B  
[INTENTIONALLY OMITTED]

ATTACHMENT C

[INTENTIONALLY OMITTED]